

SUBJECT: Motor vehicle insurance rates

COMMITTEE: Insurance: favorable, without amendment

VOTE: 8 ayes--Simpson, Cofer, Crawford, Hartung, Lyon,
Smith, Temple, Webber

0 nay

0 present, not voting

3 absent--Browder, Cartwright, Gene Green

WITNESSES: For: NONE

Against: Dick Geiger, Association of Fire and Casualty
Companies

DIGEST: This bill prohibits insurance companies from increasing
a person's insurance rates for a failure-to-appear
violation resulting from a moving violation which was
dismissed.

PRO: In some cases judges will dismiss a moving violation
charge, but fine a person for failure to appear in
court. Some insurance companies raise a person's
rates because of the failure-to-appear violation.
This is unfair. A failure-to-appear charge is not
a moving violation and should not affect a person's
insurance rates.

CON: The only drivers affected by this bill are bad risk
drivers. Current insurance board regulations allow
~~insurance companies~~ to raise the rates paid by
these drivers in response to non-moving violations.
Judges sometimes agree to a lesser charge of failure
to appear to avoid the more severe penalties for a
moving traffic violation. An insurance company
should be allowed to raise a person's insurance rates
in these cases.

COMMENTARY: The State Board of Insurance sets the rules for the
type of offenses which increase a person's insurance
rates. Most insurance companies in Texas are under
the Texas Driving Insurance Plan. Under this plan,
an insurance company cannot raise a person's rates
for a fine resulting from failure to appear. HB
452 will have no effect on policies issued under this
plan.

COMMENTARY
(continued)

The Texas Automobile Insurance Plan covers high-risk drivers who are unable to get insurance because of their driving records. About five percent of the drivers in Texas are covered by this plan. Under present law, the rates for drivers under the Texas Automobile Insurance Plan can be increased because of fines resulting from failure to appear and other non-moving traffic violations.

The only other insurance companies which may raise a person's rates for a failure-to-appear violation are County Mutual Insurance Companies.

County mutuals are exempted from all insurance laws except those specifically mentioned in Article 17 of the Insurance Code. Therefore, this bill will have no effect on county mutuals.

--Analysis by Grace Garcia